

Important Notice From The Teacher Retirement System of Texas About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the Teacher Retirement System of Texas and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are three important things you need to know about your current coverage and Medicare's prescription drug coverage:

- 1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare prescription drug plan or join a Medicare Advantage plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.**

- 2. The Teacher Retirement System of Texas has determined that the prescription drug coverage offered by the TRS-Care 1 plan is, on average for all plan participants, NOT expected to pay out as much as standard Medicare prescription drug coverage pays. Therefore, your coverage is considered non-creditable coverage. This is important because, most likely, you will get more help with your drug costs if you join a Medicare drug plan than if you only have prescription drug coverage from TRS-Care 1. This also is important because it means that you may pay a higher premium (a penalty) if you do not join a Medicare drug plan when you first become eligible.**

- 3. You can keep your current coverage from TRS-Care 1. However, because your coverage is non-creditable, you have decisions to make about Medicare prescription drug coverage that may affect how much you pay for that coverage, depending on if and when you join a drug plan. When you make your decision, you should compare your current coverage, including what drugs are covered, with the coverage and cost of the plans offering Medicare prescription drug coverage in your area. Read this notice carefully—it explains your options.**

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15 through December 31.

If you decide to drop your current coverage with the Teacher Retirement System of Texas, you will be eligible for a two-month special enrollment period (SEP) to join a Medicare drug plan; however you also may pay a higher premium (a penalty) because you did not have creditable coverage under TRS-Care 1.

If you drop your TRS-Care coverage, you will lose both your TRS-Care medical and prescription drug benefits and **under current rules, you and your dependents will not be able to re-enroll for TRS-Care coverage at a later date.**

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

Because the coverage under TRS-Care 1 is not creditable, depending on how long you go without creditable prescription drug coverage, you may pay a penalty to join a Medicare Part D drug plan. Starting with the end of the last month that you were first eligible to join a Medicare Part D drug plan but didn't join, if you go 63 continuous days or longer without prescription drug coverage that is creditable, your monthly premium may go up by at least 1 percent of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without creditable coverage, your premium may consistently be at least 19 percent higher than the Medicare base beneficiary premium. You may have to pay this higher premium (penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare Part D drug plan, your current Teacher Retirement System of Texas coverage will not be affected.

Your current coverage pays for other health expenses in addition to prescription drugs. If you enroll in a Medicare Part D prescription drug plan, you and your eligible dependents will still be eligible to receive all of your current health and prescription drug benefits. Your Medicare Part D plan will be primary and TRS-Care will be secondary. A coordination of benefits will be conducted to determine the amount of your secondary benefit under TRS-Care 1.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the person listed below for further information. **NOTE:** You will get this notice each year. You will also get it before the next period you can join a Medicare Part D drug plan and if this coverage through the Teacher Retirement System of Texas changes. You also may request a copy of this notice at any time.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You will get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare Part D prescription drug plans.

For more information about Medicare Part D prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare Part D prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Date:	October 1, 2010
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